



Department of Justice

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DALTON LAWYER SENTENCED TO 2 YEARS IN FEDERAL PRISON IN CHURCH FUNDING SCHEME

ROME, GA.- R. SCOTT CUNNINGHAM, 54, of Dalton, Georgia, was sentenced today by United States District Judge Harold L. Murphy on charges of conspiracy to commit money laundering and money laundering related to an advance-fee fraud scheme known as "the church funding project." CUNNINGHAM was sentenced to 2 years in federal prison, and ordered to pay \$150,000 in restitution. In addition to imposing the prison sentence, the court also ordered CUNNINGHAM to forfeit all of the assets he acquired as a result of his money laundering activities, including his residence in Dalton, Georgia; approximately \$422,000 in cash; a 2002 GMC pickup truck; a 2002 Cadillac Escalade; and a 1995 Harley Davidson motorcycle.

United States Attorney David Nahmias said of the case, "Cunningham's laundering of fraud proceeds for personal profit made it more difficult for law enforcement authorities to detect Kennard's fraud scheme and trace the fraud proceeds. As a result, more churches were victimized, and the losses caused by the fraud were larger. We are pleased that those responsible for this terrible injustice have been held accountable."

On December 8, 2005, a federal jury found CUNNINGHAM guilty on two counts of money laundering and one count of conspiracy to commit money laundering. In February 2005, another federal jury in Rome found co-conspirator Abraham Kennard guilty on 116 counts of mail fraud, money laundering, conspiracy to commit money laundering, and income tax evasion. Kennard was later sentenced to 17 years in federal prison.

The evidence at both trials showed that, from May 2001 through October 2002, Abraham Kennard defrauded 1,609 churches and other nonprofit organizations throughout the United States. Abraham Kennard represented that his privately owned corporation, Network International Investment Corp Inc. ("NIIC"), could provide the victims with a \$500,000 grant in exchange for payment of a \$3,000 membership fee to NIIC. The evidence showed that Kennard never had the ability to fund the grants that he promised, which totaled more than \$1 billion.

According to the evidence, CUNNINGHAM represented Kennard in bankruptcy proceedings shortly before the criminal activity began. After Kennard began the church fund scheme, CUNNINGHAM agreed to deposit the proceeds of the fraud scheme into his attorney escrow account and disburse the proceeds when and as directed by Kennard. From January 2002 through October 2002, CUNNINGHAM laundered more than \$8.7 million in fraud proceeds through his attorney escrow account and assisted Kennard in concealing and disguising the source, location, ownership, nature, and control of the fraud proceeds. The evidence showed that CUNNINGHAM assisted Kennard in siphoning off approximately \$3 million of the fraud proceeds for his own use. Kennard paid CUNNINGHAM more than \$440,000 for his assistance in laundering the fraud proceeds.

This case was investigated by Special Agents of the FBI and IRS-Criminal Investigation.

Assistant United States Attorneys J. Russell Phillips and David E. McClernan prosecuted the case.

For further information please contact David E. Nahmias, United States Attorney or F. Gentry Shelnett, Chief, Criminal Division, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.